



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

14 CFR Part 1245

[Docket No: 2700-0010]

RIN: 2700-AE02

Patents and Other Intellectual Property Rights

AGENCY: National Aeronautics and Space Administration.

ACTION: Proposed Rule

SUMMARY: NASA is proposing to amend its patent waivers regulations to update citations and the patent waiver policy, and to clarify and update the patent waiver procedures, so they are more in line with the National Aeronautics and Space Act (Space Act), the authorizing statute.

DATES: Submit comments on or before [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Comments must be identified with RIN 2700-AE02 and may be sent to NASA via the Federal E-Rulemaking Portal: <http://www.regulations.gov>. Follow the online instructions for submitting comments. Please note that NASA will post all comments on the internet with changes, including any personal information provided.

FOR FURTHER INFORMATION CONTACT: Helen M. Galus, Office of the General Counsel, NASA Headquarters, telephone (202) 358-3437.

SUPPLEMENTARY INFORMATION:

Background

The National Aeronautics and Space Act (the Space Act), at 51 U.S.C. 20135(b) states that an invention made in the performance of any work under any contract of the National Aeronautics and Space Administration (NASA) shall be the exclusive property of the United States if the person who made the invention was A) employed or assigned to perform research, development, or exploration work and the invention is related to the work or was within the scope of that person's employment duties; or B) was not

employed to perform research, development, or exploration work but the invention is nevertheless related to the contract, or to the work or duties the person was employed or assigned to perform, and was made during working hours, or with a contribution from the Government. 51 U.S.C. 20135(g), authorizes the Administrator of the National Aeronautics and Space Administration (NASA) to waive all or any part of the rights of the United States, under section 20135 of the Space Act, with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any work required by any contract of the Administration, if the Administrator determines that the interests of the U.S. will be served thereby. Any such waiver may be made upon such terms and conditions as the Administrator determines necessary for the protection of U.S. interests. The enabling regulations, setting forth these terms and conditions are set forth in Title 14 of the Code of Federal Regulations, Part 1245, Subpart 1.

NASA is revising its regulations at 14 CFR sections 1245.100 through 1245.104, 1245.106, 1245.107, 1245.110, 1245.112, 1245.116 and 1245.117 to update citations to the United States Code; to clarify the requirements and procedures for petitioning for a patent waiver, so they follow more closely the terms of the Space Act; and to add grounds for denial of a petition for waiver of foreign rights. The revisions include 1) clarification that NASA only has authority under the Space Act to waive rights in “inventions or classes of inventions;” 2) a definition for what a “class of invention” includes; and 3) a requirement that petitions for advance waiver of rights to identify what inventions or classes of inventions the Contractor believes will be made under the contract and for which waiver of rights is being requested.

The current language of 14 CFR 1245.100 to 1245.103, and 1245.116, is amended to update the citations to the National Aeronautics and Space Act, which now is codified in Title 51 of the United States Code. Also, the current definition of “invention” in § 1245.102 is amended to better conform with the definition of invention set forth in 35 U.S.C. 101 (“Inventions Patentable”), and to add language defining the term “class of Inventions” so that the regulations better define and implement the Space Act (51 U.S.C. § 20135(g)) which permits NASA to “waive all or any part of the rights of the United States

under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any work required by any contract of the Administration if the Administrator determines that the interests of the United States will be served thereby...”.

The current language of 14 CFR 1245.103 is revised in several places to set forth the “invention or class of invention” limitation on NASA’s waiver authority. Also, paragraph (a) is revised to expand upon the objectives and policies upon which NASA will be guided in the implementation of the provisions of section 20135(g) of the National Aeronautics and Space Act (51 U.S.C. Chapter 201), and in determining when the interests of the United States would be served by waiver of all or any part of the rights of the United States in an invention or class of inventions (see paragraph immediately above). Additionally, the language “Any such waiver may be made upon such terms and under such conditions as the Administrator shall determine to be required for the protection of the interests of the United States” has been added, this language is taken directly from the Space Act (51 U.S.C. § 20135(g)).

The current language in 14 CFR 1245.104 is also amended to include the “invention or class of invention” limitation on NASA’s waiver authority, and additionally to make more accurate the terminology being used (e.g., replacing the phrase “elimination of right to retain title” with “denial of the requested rights”). Also, a new paragraph (c)(2) is added to require an advance waiver petition content meet the National Aeronautics and Space Act requirement of waiving rights to “any invention or class of inventions,” by identifying the invention(s) and/or class(es) of inventions that the Contractor believes will be made under the contract and for which waiver of rights is being requested. Additionally, paragraph (d) has been clarified and original paragraph (e) has been deleted so that the petitioners’ reconsideration rights will now solely be found in section 1245.112, rather than in two potentially conflicting sections.

As to 14 CFR 1245.106, the language has been revised to permit the Board to review and recommend a partial grant or denial on the same grounds as are currently used for the partial granting or

denial of domestic waiver petitions. Additionally, a clarification was made to make clear that the Board *recommends* action to the Administrator.

Only minor clarifying revisions were made to the current language in 14 CFR 1245.107 and 14 CFR 1245.117.

As to the current language of 14 CFR 1245.110, it is revised to add the requirement that “Advance waiver petitions shall also identify the invention(s) and/or class(es) of inventions that the Contractor believes will be made under the contract and for which waiver of rights is being requested, in accordance with § 1245.104(c)(2) above.”

Finally, as to 14 CFR 1245.112, the language has been revised such that the petitioner will be given notice only of proposed Board actions that are adverse or different from the waiver of rights requested, as it is these types of actions that trigger the right to request reconsideration and an oral hearing, as set forth in this section.

The regulations have been modified in multiple places to make them conform more closely with the specific waiver authority NASA has under the National Aeronautics and Space Act (51 U.S.C. § 20135(g)), which states “the Administrator may waive all or any part of the rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any work required by any contract of the Administration if the Administrator determines that the interests of the United States will be served thereby.” Specifically, the proposed amendments to the regulations now make clear the limitation on NASA’s authority to waive only “inventions” and “classes” of inventions and, in particular, to more directly address how this affects advance waiver petitions.

Statutory Authority:

The National Aeronautics and Space Act (the Space Act), 51 U.S.C. 20113(a), authorizes the Administrator of the National Aeronautics and Space Administration (NASA) to make, promulgate, issue,

rescind, and amend rules and regulations governing the manner of its operations and the exercise of the powers vested in it by law.

Regulatory Analysis Section:

Paperwork Reduction Act Statement

This rule does not contain an information collection requirement subject to the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501 et seq.).

Executive Order 12866 and Executive Order 13563

Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has not been designated a “significant regulatory action” under section 3(f) of Executive Order 12866.

Regulatory Flexibility Act

It has been certified that this rule is not subject to the Regulatory Flexibility Act (5 U.S.C. § 601) because it would not, if promulgated, have a significant economic impact on a substantial number of small entities. The rule sets forth policies and procedures for submitting and reviewing petitions for waiver of the Government’s rights to certain inventions made under government funded contracts, pursuant to section 20135(b)(1) of the National Aeronautics and Space Act, 51 U.S.C. § 20135(b)(1). The provisions do not apply to inventions made under any contract, grant, or cooperative agreement with a nonprofit organization or small business firm that are afforded the disposition of rights as provided in 35 U.S.C. 200-204 (Pub. L. 96-517, 94 Stat. 3019, 3020, 3022 and 3023; and Pub. L. 98-620, 98 Stat. 3364-3367). Therefore, the rule will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 14 CFR Part 1245

Inventions, patents and waivers.

Accordingly, 14 CFR Part 1245 is proposed to be amended as follows:

Part 1245 – PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

Subpart 1 – Patent and Waiver Regulations

1. The authority citation for Part 1245, Subpart 1, is revised to read as follows:

AUTHORITY: 51 U.S.C. 20135, 35 U.S.C. 200 *et seq.*

2. Section 1245.100 is revised to read as follows:

§ 1245.100 Scope.

This subpart prescribes regulations for the waiver of rights of the Government of the United States to inventions made under NASA contract in conformity with section 20135 of the National Aeronautics and Space Act (51 U.S.C. Chapter 201).

3. Section 1245.101 is revised to read as follows:

§ 1245.101 Applicability.

The provisions of the subpart apply to all inventions made or which may be made under conditions enabling the Administrator to determine that the rights therein reside in the Government of the United States under section 20135(b)(1) of the National Aeronautics and Space Act, 51 U.S.C. 20135(b)(1). The provisions do not apply to inventions made under any contract, grant, or cooperative agreement with a nonprofit organization or small business firm that are afforded the disposition of rights as provided in 35 U.S.C. 200-204 (Pub. L. 96-517, 94 Stat. 3019, 3020, 3022 and 3023; and Pub. L. 98-620, 98 Stat. 3364-3367).

4. Section 1245.102 is amended by revising paragraph (c) adding new paragraph (d), and re-lettering paragraphs (d) through (j), to read as follows:

§ 1245.102 Definitions and terms.

(c) Invention means any, new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(d) Class of inventions means inventions directed to a particular process, machine, manufacture, or composition of matter, or to a narrowly-drawn, focused area of technology.

(e) Made, when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

(f) Practical application means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or Government regulations available to the public on reasonable terms.

(g) Board means the NASA Inventions and Contributions Board established by the Administrator of NASA within the Administration under section 20135(g) of the National Aeronautics and Space Act (51 U.S.C. 20135(g)).

(h) Chairperson means Chairperson of the NASA Inventions and Contributions Board.

(i) Petitioner means a contractor or prospective contractor who requests that the Administrator waive rights in an invention or class of inventions made or which may be made under a NASA contract. In the case of an identified invention, the petitioner may be the inventor(s).

(j) Government agency includes any executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

(k) Administrator means the Administrator of the National Aeronautics and Space Administration or the Administrator's duly authorized representative.

5. Section 1245.103 is amended by revising paragraphs (a) and (b) to read as follows:

§ 1245.103 **Policy.**

(a) In implementing the provisions of section 20135(g) of the National Aeronautics and Space Act (51 U.S.C. Chapter 201), and in determining when the interests of the United States would be served by waiver of all or any part of the rights of the United States in an invention or class of inventions made in the performance of work under NASA contracts, the Administrator will be guided by the objectives set forth in the National Aeronautics and Space Act, by the basic policy of the Presidential Memorandum and Statement of Government Patent Policy to the Heads of the Executive Departments and agencies dated February 18, 1983, by the goals and objectives of its current Authorization Act, Strategic Plan, and other pertinent National policies or laws, such as the National Space Policy of the United States of America. Any such waiver may be made upon such terms and under such conditions as the Administrator shall determine to be required for the protection of the interests of the United States. Among the most important goals are to provide incentives to foster inventiveness and encourage the reporting of inventions made under NASA contracts, to provide for the widest practicable dissemination of new technology resulting from NASA programs, and to promote early utilization, expeditious development, and continued availability of this new technology for commercial purposes and the public benefit. In applying this regulation, both the need for incentives to draw forth private initiatives and the need to promote healthy competition in industry must be weighed.

(b) Several different situations arise when waiver of all or any part of the rights of the United States with respect to an invention or class of invention may be requested and are prescribed in §§ 1245.104-1245.106. Under § 1245.104, advance waiver of any or all of the rights of the United States with respect to any invention or class of inventions which may be made under a contract may be requested prior to the execution of the contract, or within 30 days after execution of the contract. Waiver of rights to an identified invention made and reported under a contract are to be requested under § 1245.105, and may be requested under this provision even though a request under § 1245.104 was not made, or if made, was not granted. Waiver of foreign rights under § 1245.106 may be requested concurrently with domestic rights under § 1245.104 or § 1245.105, or may be made independently.

6. Section 1245.104 is amended by revising paragraphs (a), (b), (b)(2), (b)(3), (b)(3)(v), (c)(1-4), and (d), and deleting paragraph (e) and re-lettering original paragraph (f) accordingly to read as follows:

§ 1245.104 **Advance waivers.**

(a) The provisions of this section apply to petitions for waiver of domestic rights of the United States with respect to any invention or class of inventions which may be made under a contract.

(b) The NASA Inventions and Contributions Board normally will recommend grant of a request for advance waiver of domestic rights submitted prior to execution of contract or within 30 days after execution of the contract unless the Board finds that the interests of the United States will be better served by restricting or denying all or part of the requested rights in one or more of the following situations:

(1) ***

(2) When a determination has been made by Government authority which is authorized by statute or Executive order to conduct foreign intelligence or counter-intelligence activities that the restriction or denial of the requested rights to any inventions made in the performance of work under the contract is necessary to protect the security of such activities; or

(3) Where the Board finds that exceptional circumstances exist, such that restriction or denial of the requested rights will better promote one or more of the following objectives:

(i) ***

(ii) ***

(iii) ***

(iv) ***

(v) Ensuring that the Government retains sufficient rights in federally-supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions.

(c)(1) An advance waiver, when granted, will be subject to the reservations set forth in § 1245.107. Normally, the reservations of § 1245.107(a), License to the Government, and § 1245.107(b), March-in

rights, will apply. However, should one or more of the situations set forth in paragraphs (b)(1) through (b)(3), of this section exist, rather than denying the advance waiver request, the Board may recommend granting to the contractor only part of the requested rights, to the extent necessary to address the particular situation, consistent with the policy and goals of § 1245.103. In that event, the waiver grant will be subject to additional reservations as provided for in § 1245.107(c).

(2) To meet the National Aeronautics and Space Act standard of “any invention or class of inventions,” for advance waivers, the petition shall identify the invention(s) and/or class(es) of inventions that the Contractor believes will be made under the contract and for which waiver of rights is being requested. Therefore, the petition must be directed to a specific invention(s) or to inventions directed to a particular process, machine, manufacture, or composition of matter, or to a narrowly-drawn, focused area(s) of technology.

(3) An advance waiver, when granted, will apply only to inventions reported to NASA under the applicable terms of the contract and a designation made within 6 months of the time of reporting (or a reasonable time thereafter permitted for good cause shown) that the contractor elects title to the invention and intends to file or has filed a U.S. patent application. Such election will be made by notification in writing to the patent representative designated in the contract. Title to all other inventions made under the contract are subject to section 20135(b)(1) of the National Aeronautics and Space Act, 51 U.S.C. 20135(b)(1). The granting of the advance waiver does not otherwise relieve a contractor of any of the invention identification or reporting requirements set forth in the applicable patent rights clause in the contract.

(4) The advance waiver shall extend to the invention claimed in any patent application filed on the reported invention, including any subsequent divisional or continuation application thereof, provided the claims of the subsequent application do not substantially change the scope of the reported invention.

(d) When a petition for waiver is submitted under paragraph (b) of this section, prior to contract execution, it will be processed expeditiously so that a decision on the petition may be reached prior to

execution of the contract. However, if there is insufficient time or insufficient information is presented, or for other reasons which do not permit a recommendation to be made without unduly delaying execution of the contract, the Board will inform the contracting officer that no recommendation can be made prior to contract execution and the reasons therefor. The contracting officer will then notify the petitioner of the Board's action.

(e) A waiver granted pursuant to a petition submitted under this section shall extend to any contract changes, modifications, or supplemental agreements, so long as the purpose of the contract or the scope of work to be performed is not substantially changed.

7. Section 1245.106 is amended by revising paragraph (c) and (d) to read as follows:

§ 1245.106 **Waiver of foreign rights.**

(c) The Board will normally recommend the waiver of foreign rights be granted under paragraph (a) or paragraph (b) of this section in any designated country unless: (1) The Board finds that exceptional circumstances exist, such that restriction or denial of the requested foreign rights will better promote one or more of the objectives set forth in § 1245.104(b)(3)(i) through (v); or (2) The Board finds that the economic interests of the United States will not be served thereby; or unless (3) in the case of an individual identified invention under paragraph (b) of this section, NASA has determined, prior to the request, to file a patent application in the designated country.

(d) If, subsequent to the granting of the petition for foreign rights, the petitioner requests and designates additional countries in which it wishes to secure patents, the Chairperson may recommend such request, in whole or in part, without further action by the Board.

8. Section 1245.107 is amended by revising introductory paragraph (b) to read as follows:

§ 1245.107 **Reservations.**

(b) March-in rights. For any invention for which waiver of rights has been granted under this subpart, NASA has the same right as set forth in 35 U.S.C. 203 and 210, with the procedures set forth in § 1245.117 and 37 CFR 401.6, to require the contractor, an assignee, or exclusive licensee of the invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the contractor, assignee, or exclusive licensee refuses such a request, NASA has the right to grant such a license itself if NASA determines that:

9. Section 1245.110 is amended by adding new paragraph (b) and re-lettering original paragraph (b) and (c) accordingly to read as follows:

§ 1245.110 **Content of petitions.**

(b) Advance waiver petitions shall also identify the invention(s) and/or class(es) of inventions that the Contractor believes will be made under the contract and for which waiver of rights is being requested, in accordance with § 1245.104(c)(2) above.

(c) No specific forms need be used. Requests for advanced waiver should, preferably, be included with the proposal, but in any event in advance of negotiations.

(d) Petitions for waiver under contracts funded by another agency. The content of the petitions for waiver of title to inventions made under contracts awarded by NASA on behalf of the Department of Energy under § 1245.103(c) shall follow the procedures and form prescribed by and shall be acted on by that agency. Petitions under contracts awarded by NASA on behalf of other agencies will be coordinated with the agency before action is taken by the Board.

10. Section 1245.112 is amended by revising paragraph (a) deleting subparagraph (1)(i), and renumber original subparagraphs (1)(ii) and (1)(iii) accordingly, and revising paragraph (a)(2) to read as follows:

§ 1245.112 **Notice of proposed Board action and reconsideration.**

(a) Notice. Except as provided by § 1245.104(d), the Board will notify the petitioner, through the contracting officer, with respect to petitions for advance waiver prior to contract execution, and directly to the petitioner for all other petitions:

(1) When it proposes to recommend to the Administrator that the petition be:

(i) Granted in an extent different from that requested; or

(ii) Denied.

(2) Of the reasons for the recommended action adverse to or different from the waiver of rights requested by the petitioner.

11. Section 1245.116 is amended by revising paragraph (b) to read as follows:

§ 1245.116 **Miscellaneous provisions.**

(b) Statement of Government rights. The waiver recipient shall include, within the specification of any United States patent application and any patent issuing thereon for a waived invention, the following statement:

The invention described herein was made in the performance of work under NASA Contract No. ____, and is subject to the provisions of Section 20135 of the National Aeronautics and Space Act (51 U.S.C. Chapter 201).

12. Section 1245.117 is amended by revising paragraph (a) to read as follows:

§ 1245.117 **March-in and waiver revocation procedures.**

(a) The exercise of march-in procedures shall be in conformance with 35 U.S.C. 203 and the applicable provisions of 37 CFR 401.6, entitled “Exercise of march-in rights for inventions made by nonprofit organizations and small business firms.”

Cheryl E. Parker
NASA Federal Register Liaison Officer.

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